

By: Birdwell  
(Smith)

S.B. No. 1259

A BILL TO BE ENTITLED

AN ACT

relating to causes of action for withholding payments of the proceeds from the sale of oil and gas production.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 91.402, Natural Resources Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) A payee does not have a common law cause of action for breach of contract against a payor for withholding payments under Subsection (b) unless, for a dispute concerning the title, the contract requiring payment specifies otherwise.

SECTION 2. The change in law made by this Act applies only to an action filed on or after the effective date of this Act. An action filed before the effective date of this Act is governed by the law applicable to the action immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2021.